

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /164 W

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 7230

INFO AMEMBASSY BUCHAREST

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

AMEMBASSY AMMAN

AMEMBASSY NICOSIA

USINT BAGHDAD

USINT DAMASCUS

C O N F I D E N T I A L BEIRUT 3921

EO 11652: GDS

TAGS: ENRG, LE, RO

SUBJECT: PETROLEUM: ROMANIA GETS CONTRACT FOR ONSHORE GEOLOGICAL
STUDY

REF: BUCHAREST 546

SUMMARY: GOL HAS DECIDED AWARD SMALL CONTRACT TO
ROMANIAN FIRM GEOMIN FOR GEOLOGICAL STUDY OF ONSHORE
PETROLEUM POSSIBILITIES LEBANON. ROMANIANS AMONG AT
LEAST FOUR REPORTED BIDDERS FOR EXPLORATION RIGHTS HERE
AND HAVE CLOSE RELATIONS WITH OIL MINISTER. END SUMMARY
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BEGIN UNCLASSIFIED 1. PRESS REPORTS, AND OILMIN SOURCE ESSENTIALLY CONFIRMS, THAT GOL HAS DECIDED AWARD SMALL CONTRACT WORTH LL18,000 (ABOUT \$7750 AT TODAY'S RATE) TO ROMANIAN COMPANY OF GEOMIN OR ISCE GEOMIN TO CONDUCT "GEOLOGICAL STUDY" OF ONSHORE LEBANON TO EVALUATE POSSIBILITY OF PETROLEUM DEPOSITS. STUDY, SAID TO BE OUTGROWTH OF CEAUSESCU VISIT IN FEBRUARY, WOULD (1) ANALYSE RESULTS OF EXPLORATION TO DATE, (2) INCLUDE STRATIGRAPHIC AND TECTONIC STUDIES (GEOLOGICAL HISTORY AND STRUCTURES), (3) DETERMINE THE POSSIBILITIES OF HYDROCARBONS AND (4) ESTABLISH A WORK PROGRAM FOR VERIFYING POSSIBILITIES. PRESS SAID CONTRACT IS OUTCOME OF TALKS BETWEEN GOL OIL MINISTER ASSAF AND ROMANIAN COMMERCE MINISTER IN FEBRUARY. END UNCLASSIFIED

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2. PRESS AND SOURCE HAVE NO FURTHER DETAILS BUT IT APPEARS THAT ROMANIAN OFFER ACTUALLY DATES FROM 1971, WHEN GEOMIN PRESENTED GOL WITH THREE POSSIBLE STUDIES, MOST EXPENSIVE OF WHICH THEN COST \$40,000. CONTRACT SOUNDS LIKE CHEAPEST OPTION OFFERED AND MAY INVOLVE PRESENCE OF FOUR TECHNICIANS FOR 15-30 DAYS IN LEBANON, WITH STUDY TO BE COMPLETED WITHIN THREE MONTHS THEIR RETURN ROMANIA.

3. ROMANIA IS REPORTEDLY ONE OF FOUR RECENT BIDDERS FOR PETROLEUM EXPLORATION RIGHTS IN LEBANON. PRESS HAS REPORTED THAT ROMANIANS INTERESTED IN WESTERN BEKAA AND ONSHORE AREAS ALONG SOUTHERN COAST, NEAR SIDON, AND HAS OFFERED BEAR ALL EXPLORATION EXPENSES AND FURNISH 90 PER CENT OF OIL FOUND TO GOL. OTHER OFFERS REPORTED ARE FROM JAPANESE (NO DETAILS AVAILABLE), A PRELIMINARY OFFER FROM FRENCH CFP TO CONDUCT 18-MONTH GEOPHYSICAL SURVEY OFFSHORE FOLLOWED BY 10-YEAR EXPLORATION PERIOD AND AN OFFER BY AGIP SUBSIDIARY OF ITALIAN ENI FOR OFFSHORE EXPLORATION, WITH AGIP RESERVING RIGHT TO BRING IN US INDEPENDENTS CONTINENTAL, PHILLIPS AND GETTY. ACCURACY THESE REPORTS UNCERTAIN.

4. GOL OIL MINISTER EARLIER HAD ANNOUNCED INTENTION DRAW UP COMPLETELY NEW PETROLEUM EXPLORATION LEGISLATION TO
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GOVERN FUTURE EXPLORATION. OILMIN SOURCE SAYS THIS UNLIKELY BE COMPETED IMMEDIATE FUTURE AND COMPLAINS THAT MINISTRY UTILIZING CONSULTANTS WITH O EXPERIENCE THIS FIELD (DESPITE PLENTITUDE OF PETROLEUM EXPERTISE IN BEIRUT). CURRENT LEGISLATION, DECREE DATED AUGUST 7, 1961, AUTHORIZES FOUR-YEAR EXPLORATION CONCESSIONS FOLLOWED BY 75-YEAR PRODUCTION RIGHTS, BUT AWARD OF NEW CONCESSIONS SUSPENDED SINCE AUGUST 24, 1971 AND EXISTING CONCESSIONS EXPIRING

(SEE BEIRUT'S 10124 AUG. 28, 1973).

COMMENT: DESPITE OCCASIONAL PRESS REPORTS OF OIL POSSIBILITIES HERE, EXPLORATION INTEREST REMAINED LOW UNTIL RECENT LARGE OIL PRICE INCREASES AROUSED INTEREST OF BOTH INDUSTRY AND GOL IN UNEXPLORED AREAS. CREATION THIS YEAR OF GOL MINISTRY OF INDUSTRY AND PETROLEUM AFFAIRS (BEIRUT'S A-49 MARCH 14) PERMITTED INTENSIFICATION OF EFFORTS MODERNIZE EXPLORATION LEGISLATION. LIKE OTHER CONSUMERS, LEBANON FACES SUBSTANTIAL INCREASE IN ENERGY COSTS AND GOL NO DOUBT EXTREMELY INTERESTED IN LOCATING DOMESTIC SOURCES PETROLEUM. CHOICE OF ROMANIANS FOR INITIAL STUDY PROBABLY DUE BOTH TO THEIR EARLY BID AND TO GOL OIL MINISTER'S CLOSE CONNECTIONS WITH ROMANIANS, INCLUDING FINANCIAL INTEREST IN PROPOSED JOINT LEBANESE-ROMANIAN CEMENT PLANT REPORTED OUR A-263 OF OCT. 13, 1972 (PARA 5). ANOTHER INFLUENCE MAY BE THE RETURN TO LEBANON RECENTLY OF ONE GHASSAN KHANSO, 38, CHEMICAL ENGINEER WHO TRAINED AND TAUGHT IN YUGOSLAVIA AND WAS LAST A PETROLEUM CONSULTANT IN IRAQ. KHANSO REPORTEDLY RETURNED TO LEBANON TO BECOME DIRECTOR GENERAL OF NEW OIL MINISTRY, AN APPOINTMENT BLOCKED AT LAST MINUTE. HE REMAINS, HOWEVER, INVOLVED PETROLEUM AFFAIRS HERE AND IS AUTHOR OF PRESS REPORT PARA 3 ABOVE DETAILING ROMANIAN EXPLORATION OFFER.

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